

## Homework 6

Due on 24/2/2026, by 23:00

This assignment is optional but **STRONGLY RECOMMENDED**. If you do not submit the answers till the deadline, the score of your final exam will substitute for the score for this assignment. Submit only the correct letter for each task on eLearn under 'Quizzes' within 'COR2100-Economics and Society G10-11-12-13-14-15'. Note that the actual text of questions and answers is not supposed to appear on the eLearn quiz. You have unlimited attempts. The system is programmed to credit your last attempt. Be informed that if you submit an attempt and afterwards you re-open the quiz, you must submit your answers **AGAIN** or else the system will grade the unfinished attempt with 0 (because it is the last one) and there is **NOTHING** I can do to fix this after the fact. Late homework or homework submitted outside eLearn cannot be accepted as this would violate SMU official policy for fairness and transparency in grading. This assignment is protected by Grade Insurance™: If the assignment's average turns out to be below 75, an equal amount of bonus points will be given to every work, for the average to become 75. Direct any homework questions to your TA.

1. If beef costs \$30 per kg and the government sets a price ceiling at \$25 per kg, which of the following is most likely to happen?
  - A. The demand for beef will increase.
  - B. The supply of beef will decrease.
  - C. A shortage of beef.
  - D. All of the above.
2. Which of the following could cause a good to be sold unofficially at a lower price?
  - A. When a high excise tax is imposed on the good in the official market.
  - B. When an unreasonably high price floor is imposed in the official market.
  - C. When the government imposes a quota on the official market limiting the quantity that can be sold.
  - D. All of the above.
3. How can a decrease in the sales tax on e-bikes be depicted in the supply–demand graph of the market?
  - A. The supply will shift to the right.
  - B. The supply will shift to the left.
  - C. The demand will shift to the right.
  - D. The demand will shift to the left.
4. Which of the following is the **LEAST** possible to be an example of abuse of dominant position?
  - A. A manufacturer requests from retailers to sell the product at a set price.
  - B. A monopolist sells its product at its monopoly price.
  - C. A manufacturer requires retailers to not sell products made by competitive manufacturers.
  - D. The sellers in one market meet and agree to increase prices.
5. Which of the following is a characteristic of a natural monopoly?
  - A. Spends resources on rent seeking.
  - B. Faces inelastic demand.
  - C. Experiences Economies of scale over the relevant range of demand.
  - D. All of the above.

6. Which of the following is most likely to be a rival good?
- A. A series on Netflix.
  - B. A live airshow.
  - C. The botanic gardens.
  - D. A Pokémon card.
7. Which of the following is accurate for government intervention in a PC market?
- A. By imposing price ceilings and floors governments can reduce the market's DWL.
  - B. Price ceilings and floors are meaningless in PC markets.
  - C. Price ceilings and floors ruin PC market's efficiency.
  - D. PC markets always achieve the socially desirable outcome.
8. Which of the following occurs when a product is associated with a positive externality?
- A. The social benefit exceeds the market demand.
  - B. The socially optimal quantity exceeds the equilibrium quantity.
  - C. The socially optimal price is above the equilibrium price.
  - D. All of the above.
9. Many enjoy vaping but vaping causes serious health complications which overload the country's medical system. Which of the following could address the externality more effectively?
- A. A price floor on vapes.
  - B. A price ceiling on vapes.
  - C. A sales tax on vapes.
  - D. A ban on vapes.
10. Which of the following is most likely to happen when regulating a natural monopoly, by setting the price equal to MC?
- A. Consumer surplus is maximized.
  - B. Producer surplus is maximized.
  - C. The monopolist will operate at a loss.
  - D. The monopolist will have zero profit.
  - E. None of the above.

*Good afternoon! When you find yourself unable to start something because of procrastination, offer the following deal to yourself: "I will start really doing it for just half an hour and if after that I still do not want to do it, I will leave it aside for today". Most of the times this trick works and you will be able to beat procrastination and start doing stuff. Procrastination is not so much a fear of doing things but rather a fear of starting them. "The beginning is the half of everything" ancient Greeks used to say. They were right! It works with everything, including this homework ;)*

*Kosmas*